

Message Text

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ACTION EB-11

INFO OCT-01 EUR-25 ISO-00 CAB-09 CIAE-00 COME-00 DODE-00

DOT-00 INR-10 NSAE-00 RSC-01 FAA-00 SS-20 L-03 H-03

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FM AMEMBASSY LONDON

TO SECSTATE WASHDC 1727

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E.O. 11652: N/A

TAGS: ETRN, UK

SUBJ: CIVAIR - LAKER AIRWAYS

1. SEVERAL BRITISH PAPERS (TIMES, FINANCIAL TIMES, HEADLINES IN JOURNAL OF COMMERCE) CARRIED REPORTS JULY 1, NOTING THAT LAKER HAS SENT LETTER TO UK SECRETARY OF STATE FOR TRADE SHORE, ACCUSING US OF BEING UNFAIR, UNETHICAL AND ILLEGAL IN HOLDING UP DECISION ON SKYTRAIN PROPOSAL. LAKER ALSO INSISTED THAT UK GOVERNMENT MAKE DIPLOMATIC REPRESENTATIONS TO US TO RESOLVE ISSUE.

2. WE DISCUSSED ARTICLES AND PRESENT UK POSITION ON SKYTRAIN WITH DEPT OF TRADE, CIVIL AVIATION DIVISION (KEMMIS) KEMMIS CONFIRMED THAT LETTER FROM LAKER HAD BEEN RECEIVED BY SHORE. HE SAID PRESS REPORTS ARE BASED ON LAKER PRESS RELEASE AND UK GOVERNMENT HAS NOT MADE ANY RECENT APPROACHES TO USG ON THE SKYTRAIN.

3. KEMMIS ALSO NOTED THAT THERE HAS BEEN NO DECISION BY UK GOVERNMENT ON LAKER REQUEST FOR DIPLOMATIC APPROACH TO US; MOST LIKELY REPLY WILL BE SENT TO LAKER "NOTING" HIS VIEWS. CAA IS HAVING SOME DIFFICULTY WITH RECENT APPROVAL OF REVISED SKYTRAIN FARE (52 POUNDS ONE WAY). BRITISH CALEDONIAN AND BA HAVE COMPLAINED THAT FARE SHOULD

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NOT HAVE BEEN APPROVED WITHOUT PUBLIC HEARING; THESE

COMPLAINTS COULD LEAD TO REVIEW OF FARE APPROVAL AND OF LAKER'S LICENSE, KEMMIS SAID.

4. FINAL DECISION BY CAB ON SKYTRAIN SERVICE IS "COMING AT A PARTICULARLY INOPPORTUNE TIME" ACCORDING TO KEMMIS. HE POINTED OUT THAT UK EQUALLY AS CONCERNED AS US AT PRESENT TO SEE IMPROVED FARE STRUCTURE FOR NORTH ATLANTIC AGREED. ALSO, LONGER TERM CAPACITY ARRANGEMENTS RELATED TO TRAVELING PUBLIC NEEDS MIGHT BE WORKED OUT, HE BELIEVES, IN COMING YEAR AS RESULT OF BA/BCAL/PANAM/TWA TALKS. WHETHER OR NOT SKYTRAIN SERVICE WOULD REALLY FIT INTO THIS NEW SITUATION NOT NOW CLEAR.

5. COMMENT: KEMMIS' REMARKS APPEAR TO INDICATE UK NOT LIKELY TO RENEW PRESSURE FOR EARLY DECISION ON SKYTRAIN PROPOSAL NOW. MAJOR UK CONCERN NOW SEEMS CENTERED ON PRESERVING AND IMPROVING BCAL/BA NORTH ATLANTIC POSITION BY FARE AND CAPACITY ARRANGEMENTS WHICH RUN DIRECTLY COUNTER TO PHILOSOPHY ON WHICH SKYTRAIN SERVICE BASED. IF KEMMIS VIEWS ACCURATELY REFLECT POLICY LEVEL CONSIDERATIONS IN UK GOVERNMENT, CONTINUED DELAY OF SKYTRAIN DECISION MAY WELL NOT PROVOKE VIOLENT UK REACTION.

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